

LMI ADVISORY GROUP
Thursday September 18, 2003
Meeting Minutes

PLEASE SEND ANY CORRECTIONS TO
BONNIE GRAYBILL BY NOVEMBER 10, 2003, THANKS.

Attendees:

- Nelson Anthoine, Private Industry Council North Central Counties
- Barbara Baran, California Budget Project
- Daniel Blake, California State University, Northridge
- Alicia Bugarin, California Research Bureau
- Charley Cartwright, California Career Resource Network
- Peter Cooper, California Federation of Labor
- Liz Doyle, California Federation of Labor
- Doug Gray, Gray Business Services
- Naomi Hamamoto, Office of Marketing and Constituent Services
- Marla Harris, EDD Job Service Division
- Terry Huwe, Institute of Industrial Relations – University of California, Berkeley
- Sandy Kirschenmann, Los Rios Community College District
- Marty London, California Workforce Investment Board
- Greg Marutani, Private Industry Council of San Francisco
- Jerry Nolan, EDD Information Technology Branch
- Beverly Odom, California Workforce Investment Board
- Don Perry, California Technology, Trade and Commerce Agency
- Dennis Reid, Bureau of Labor Statistics
- Stacy Wilson, California Postsecondary Education Commission
- Chuck Wiseley, California Community Colleges Chancellor's Office

Labor Market Information Division Attendees

Ken Budman	Judi McClellan
Karen Cromwell	Jeneace O'Brien
Bonnie Graybill	Janet Peters
Phil Hardiman	Paul Wessen
Richard Holden	Spencer Wong
Brendan Kelly	

Welcome/Introductions/Housekeeping – Bonnie Graybill

Bonnie called the meeting to order and welcomed everyone. She asked everyone to introduce himself/herself. Bonnie covered housekeeping items and referred to the handouts distributed to everyone:

- LMI Advisory Group Agenda
- LMI Advisory Group Meeting Minutes – January 16, 2003
- LMID Customer and Revenue Activity Report dated August 2003

Review: January 16, 2003 Meeting Minutes – All

Bonnie asked if there were any changes or corrections to the minutes. Beverly Odom, California WIB, requested changes to page one, last paragraph:

- Delete sentence “Certified One Stops must meet 80 percent of 11 goal measures.”
- Change sentence “Several local areas did not meet the measures and will receive technical assistance while on conditional status” to “Some local areas did not meet a couple of WIB performance measures.”

(Note: These changes have been made, and minutes on the web replaced.)

LMID Status Update – Richard Holden

Richard provided an update on LMID’s budget, organization, and strategic business plan.

Budget: LMID has a \$22 million budget. Although LMID is primarily federally funded, it is still affected by the State’s budget cutbacks.

- \$2.9 million reduction – The California Cooperative Occupational Information System (CCOIS) is funded by Workforce Investment Act and Employment Training Fund (ETF). During the budget process, the \$2.9 million ETF contribution was redirected to training programs. The CCOIS is working on alternative ways that they can keep local partnerships and continue to provide local occupational information. The CCOIS has surveyed customers and is analyzing the feedback.
- Potential \$500,000 reduction pending – Mass Layoff Statistics (MLS) Program staff collect and publish mass layoff occurrences in California. A mass layoff is defined as a layoff of 35 or more employees by one employer. The LMID is not sure if the program is going to continue be funded by the Bureau of Labor Statistics.
- \$2.9 million pending from Workforce Information (formerly One Stop LMI) Grant – LMID uses funds for special industry, occupation and other labor market research and web development. The ETA grant letter has not been released, although the program year began July 1st. The LMID will be unable to do most special projects, web development and research without funding.

Organization: Effective July 1, 2003, the State of California eliminated all vacancies. In July, LMID laid off 14 employees: retirement annuitants, student assistants, and seasonal clerks. The LMID has 260 staff, down from 290 one year ago. Even if funding were to remain stable, staffing costs have increased. LMID is looking at how it can adjust to these changes.

Chuck Wiseley: Does this affect labor market projections?

Bonnie: Two projection positions are funded by the One Stop LMI grant. The remaining positions are funded by CCOIS, also reduced.

Richard: This may affect the frequency and extent of projections in the future.

Strategic Business Plan: Richard introduced LMID’s two main goals: satisfy our customers and do our work well. He listed several objectives for satisfying LMID’s customers:

- Anticipate change.
- Be an effective partner externally.
- Conduct labor market research.
- Develop E-Government solutions.
- Understand customer needs and evaluate feedback.

Richard noted that in addition to these initiatives, LMID is responsible for mainstream programs and services. The LMID administers the programs in accordance with national rules and procedures. The LMID also participates in strategic planning at a national level.

Stacey Wilson: Does LMID conduct external evaluations?

Richard: LMID conducts external surveys, focus groups, and utilizes a variety of resources.

Don Perry: Does LMID utilize EDD resources?

Richard: Yes, our budget is part of the overall EDD budget, and oversight is at the Department level. Regarding customer surveys, we work with the Department's survey experts.

LMID Customer and Revenue Activity Report. Richard and Bonnie answered questions regarding the report.

Greg Marutani: (Publication/Ad Hoc Request chart, page five). It appears publications generate revenue. Will revenue decrease as people obtain more information on the Internet free of charge?

Richard: The LMID charges for hard copy information to give customers a "price signal." It is to inform requesters that there is a cost for research and projects.

Bonnie: (Referred to the order chart on page three.) We are getting fewer orders, and earning less in product sales. Reduced orders equals reduced costs. Before the Internet, LMID staff received 3,000 calls per month for information. Now staff receives under 400 calls per month. Each county snapshot costs \$8 to produce, but is distributed at no charge. The "Customers by Type" chart includes any customer with a data request.

Nelson Anthoine: (Internet Hits, page two) Has LMID we considered using WIA administrative data to support the data we published for Occupational projections and wages?

Richard: Responded that it is a good suggestion.

Liz Doyle: (page five) What is the difference between ad hoc requests and custom orders?

Bonnie: There is no difference. The "Custom Order by Type" chart lists the type of ad hoc report (custom order) requested.

Greg Marutani: (Internet information) How are you going to address customer satisfaction with the web information when the web site changes?

Richard: The LMID local consultants will work closely with partners on using Internet tools. They will provide training on accessing information at the web site.

Chuck Wiseley: Is there a training schedule?

Bonnie: No, not at this time.

Greg Marutani: Suggested that LMID provide its list of projects for public information. More than one person may be interested in the information. If information is available from a prior request, others may be able to use it. This may reduce duplicate requests for the same information.

Bonnie: Thanks for the suggestion. We'll look into a way to make this happen.

California Career Resource Network – Charlsey Cartwright

Charlsey distributed a Career Planning Guide and a Real Game Series video. They plan to distribute the materials to schools very soon. Middle school age students to adults can use the Career Planning guide. The video demonstrates how people use what they learned in school and why school is relevant to real life.

CCOIS Program Update – Brendan Kelly

The CCOIS Program is a partnership of State and local agencies that produces local occupational and labor market information on selected occupations in 33 regions throughout California. Local agencies (partners) are largely Local Workforce Investment Boards (WIBs). CCOIS works with local partners to collect information to produce its primary product, an Occupational Outlook Report (OOR) for each area. There are 33 reports produced each year. For each occupation, the reports include wages and benefits, trends, supply and demand, training, education, experience requirements, skills, and recruitment. The CCOIS is currently producing the 2003 reports. The reports should be complete by January/February 2004.

Due to the budget changes noted earlier in the meeting, half of the program's funding was redirected to a manufacturing training/apprenticeship program. CCOIS lost its funding to contract to the local WIBs and publish the OORs. As of January 1, 2004, no funding is available for contracting with local partners. The remaining funds will be allocated to funding LMID staff supporting the CCOIS program. The CCOIS will continue to provide the local occupational information for California's workforce investment system. Due to reduced funding and limited in-house resources, CCOIS needs to design a new program model. Before designing a new research program, CCOIS wanted to assess its customers' needs for local occupational and related information. So CCOIS analyzed existing survey data, and conducted a new one-on-one survey of 117 customers. They are in the process of analyzing the feedback.

The first survey was enclosed with the Occupational Outlook reports. CCOIS received 1400 responses out of 1500 surveyed. Brendan highlighted the feedback:

- Information most frequently used: wages/benefits for different occupations, training/education/experience, employment trends and projections, and important skills.
- The most important uses for the information are: career counseling, classroom training, and a research tool.
- Customers were most satisfied with career information. They were least satisfied with wage information.
- Customers rated the OOR's usefulness in making informed decisions at 4.0 on a 1-5 scale, 5 being the most useful.
- Customers indicated that they need information on more occupations and on categories of occupations that are under-represented (for example, occupations that require a college degree).

CCOIS developed a detailed, interview-based survey as a second source. CCOIS interviewed 117 LMI customers, which included educators, one stops, and WIBs. The interview includes new questions as well as some of the same questions as the OOR survey. CCOIS is analyzing the feedback. Based on the survey results, customers need information on:

- Training, education and experience, employment training and trends, important skills, and wages and benefits for different occupations.
- Education requirements, employment growth and trends; occupational skills, and occupations in demand.
- Emerging industries.
- Industry employment trends, including those that are growing and declining.

Customers indicated the information is most useful when it is local. Their first choice is by county. They also indicated the more recent the information, the better. Brendan reported the findings:

- 79 wanted informal information 6-12 months old.
- 32 wanted valid information 1-3 years old.
- 91 wanted illustrative local data vs. 19 wanted valid data for a larger region.

Questions/Comments.

Chuck Wiseley: There is an assumption that if LMID releases data collected more informally than in the past in order to get more current information, the data will be accompanied with a disclaimer/information about the data collection process.

Doug Gray: Can CCOIS keep the LMI Advisory Group in the loop to review the new model? (Yes)

Charlsey: Will CCOIS have a summary report on the survey results? (Yes)

Nelson Anthoine: Has CCOIS considered other sources, existing databases, etc? (Looking into this.)

Beverly Odom: Is it possible to merge CCOIS data into other databases? (Certainly)

Greg Marutani: Need vs. want – what is it worth? Did CCOIS ask why customers want the information now? Needs vary – educators, employers, etc.

Economic Update – Paul Wesson

Paul distributed a handout titled “Economic Update.”

U.S. Economy: On July 17, 2003, the National Bureau of Economic Research (NBER) announced that the U.S. recession that began March 2001 had ended in November 2001. Since the announcement, the U.S. economy is considered to be in an expansion mode. Paul noted that UCLA would have a new forecast next week.

The NBER evaluates several variables to determine U.S. business cycles, the most recent being Gross Domestic Product (GDP). The second quarter of 2003 marked the 7th consecutive quarter of GDP growth in the U.S.

However, this has been a “jobless recovery” in the U.S. and California to date. Any employment gains are expected to be modest due to continuing gains in productivity, lingering overcapacity, and no clear signs of a sustained rebound in business investment.

California Employment: The seasonally adjusted California unemployment rate in August 2003 was 6.6 percent, a 0.1 percentage point drop from the July rate and also from one year ago. The overall unemployment rate remains flat. The labor force grew by 175,000 persons (1.0 percent) over the last year while the working age population expanded by 2.4 percent. A sharp decline in the labor force participation rate (LFPR) in recent months helps explain the stability in the unemployment rate over the last 12 months. Since February 2003, the LFPR has decreased 0.9 percentage point. Falling labor force participation is not a sign of a vibrant economy. However, the recent trend of declining participation during economic stress and a slowly recovering labor market is more or less consistent with the experience in California in the July 1990-May 1993 downturn.

Nonfarm Employment: Year-over U.S. Nonfarm payrolls fell by 463,000 jobs (0.4 percent). California’s year-over loss was 0.3 percent. Although California’s Nonfarm payrolls have decreased, California has fared slightly better than the nation on jobs since the recession ended in November 2001. Since November 2001, California lost 42,900 jobs (0.3 percent) while the nation lost 1,139,000 jobs (0.9 percent).

Over the past five years, the California economy has mirrored the U.S. economy quite closely. The California economy expanded at a faster rate than the national economy through the late 1990s and 2000. However, both the nation and California suffered sharp, brief job losses in the March 2001-November 2001 U.S. recession. Both have experienced a “jobless recovery” in the current expansion that began in November 2001. This suggests that the same forces are buffeting both the national economy and California economy.

Industry Trends: Growth trends have been mixed at the industry level over the last year. Losses continue in manufacturing and information, two industries with significant high tech components. Four sectors have added a combined 87,200 jobs over the past year: leisure and hospitality, education and health services, construction, and financial activities. Growth in

leisure and hospitality suggests underlying strength in the State's travel and tourism industry. Growth in educational and health services is driven by demographic factors. Job growth in construction and financial services reflect the State's strong housing market.

Information lost 26,600 jobs over the last year. Losses have been concentrated in the high tech industries. Manufacturing losses totaled 55,900 jobs (3.4 percent) over the last year. Manufacturing employment has fallen in 16 consecutive months and in 31 of the last 32 months. The data suggest that a fundamental restructuring in manufacturing is underway nationally, with firms squeezing increased productivity from existing assets and moving operations offshore to countries with lower labor costs.

In recent months there have been significant job losses in government, the industry sector that had grown at the fastest rate throughout the recent recession. The majority of the government job losses have been in local government education. Most components of local government show over-the-year losses. Special districts and Indian tribes (casinos) were the only components of local government to show year-over job increases.

California Area Trends: Only the San Joaquin Valley and Southern Border regions showed year-over growth in Nonfarm employment in August. The other seven regions lost jobs over the last year. The job losses were small except for the Bay Area. Since August 2002, the Bay Area region has lost 64,700 jobs. Bay Area losses from March 2001 through August 2003 totaled 338,200 jobs, a decline of 9.2 percent. The San Jose MSA lost 185,000 jobs, a decline of 17.6 percent. The San Francisco MSA lost 121,500 jobs, a decline of 11.2 percent. The losses were concentrated in the high tech industries.

Although most California regions were not hit terribly hard by the economic downturn, the high tech bust resulted in a full-blown recession in the bay Area. The high tech losses reflect a loss of relatively high paying jobs and a negative impact on the larger Bay Area economy. In addition, the bust also affected high tech industries throughout the State and is a major contributing factor to the State's budget problems.

Marty London: Do we know how many jobs were lost to the underground (informal) economy?

Paul: No, it is difficult to identify those types of jobs.

Don Perry: Jobs lost to other countries? Has EDD been asked about future jobs?

Richard Holden: The EDD will continue to produce projections, which are based on industry trends.

Stacey Wilson: The Department of Finance recently announced a long recovery period to 2007. Why such a long recovery?

Paul: A traditional recession is demand-driven – consumers stop buying so businesses adjust. This recession was a high tech bust. The fast growth rate in high tech was not sustainable. Businesses over-invested, which resulted in excess capacity. To date, the consumer has sustained the economy. They have purchased now what they had planned to purchase in the future. Housing has remained strong due to low interest rates. However, business has not

worked off its excess capacity. Business is going through a restructure and is using temporary workers instead of hiring new workers.

Peter Cooper: Has the increase in productivity changed work hours?

Paul: We have no information to support that.

Greg Marutani: What about out-of-State migration?

Paul: No apparent effect. In fact, California has shown a more rapid growth rate.

Health Care Suite Update – Janet Peters

LMID's Occupational Research Unit (ORU) partnered with the Community Colleges and the Health Care industry to study the health care industry's recruitment and retention challenges. Key partners were Sandy Kirschenmann of Los Rios Community College District and Anette Smith-Dohring of Sutter Health Sacramento. The ORU conducted a focus group comprised of participants from the health service industry, government health service policy makers, and educators. The group selected the following five health care occupations experiencing shortages that had potential for career ladder development:

- Registered nurses
- Licensed vocational nurses
- Medical assistants
- Certified nursing aides
- Home health aides

Sandy Kirchshenmann suggested the types of LMI data that would be useful. The group was challenged to provide a study for a diverse customer base of trainers, economic developers, employers, and students. Additional challenges were updates in projections and wages data throughout the study.

A second focus group asked labor union representatives for their comments on career ladder movement between the occupations, and to review some of our materials.

The study resulted in four products:

- "Help Wanted- Making a Difference in Health Care" analyzes the focus occupations for skill patterns that point to career ladder potential and identifies skills gaps. Designed for training providers, employers, and economic developers.
- "Careers Under Construction" describes the resources and processes to develop career ladders in any industry to develop and retain a skilled workforce. Designed for local workforce investment partners, employers, economic developers, human resource representatives, and training providers.

- “Health Care Careers” profiles 48 health care occupations that require a bachelor’s degree or less. It offers brief descriptions of wages, outlook, job requirements, sources for additional information, and career growth possibilities. Designed for One Stops, career counselors, students, and re-entrants into the workforce.
- “Health Care Posters” describe the wide variety of occupations available in the health care industry. Designed for career counselors, students, and re-entrants into the workforce.

The LMID’s Occupational Research Unit distributed the products via two mailings. They distributed suites of products to various local workforce investment partners, economic developers, and advisory groups. The Health Care Careers and posters were distributed to various high schools, community college career centers, and other training providers. The group also mailed over 5,000 customer satisfaction surveys. Janet stated that they are interested in feedback and asked the attendees to please respond if they received a survey.

State Board Updates – Beverly Odom

The State Board met to review its Strategic Plan. It discussed its Performance-based Accountability System. Progress in several sub-groups includes:

- The State Youth Council, among other things, has undertaken resource mapping and published a Youth Program Guide.
- The Small Business Workshop has developed a small business tool kit.
- The Universal Access initiative is a multi-agency group working to improve disabled people’s access to government services. They’ve developed the Disability Navigator. Improving access is also being worked on with regard to other target groups, including people with mental disabilities. Tools are being developed to serve clients with limited English proficiency.
- The Veterans Work Group is discussing placing veteran representatives on local boards. Some discussion has occurred with community college representatives about how to improve the skills of veteran clients.
- The Farm Workers Work Group has had several Farm Worker Forums that have been summarized on the WIB website.

The Board discussed the effect of the No Child Left Behind Act as well as State budget cuts on their ability to serve clients. One-stop certification, which brings greater consistency in services among localities, is continuing to be implemented. The WIA Reauthorization taskforce has sent letters to Senators about federal reauthorization. Reauthorization occurs every five years. The recertification of local WIBs, which occurs every two years, is almost complete. The next State Board meeting is on November 19, 2003.

California Regional Economic Project – Marty London

This project – a joint effort of CWIB and California Economic Strategy Panel (CESP) – will provide California's economic and workforce development system with critical information about changing regional economies and labor markets. Information will be compiled in reports for each of the nine CESP regions – Northern California, Northern Sacramento Valley, Greater Sacramento, Bay Area, San Joaquin Valley, Central Sierra, Central Coast, Southern California, and the San Diego Border Region.

This regional information will identify a region's economic base and its prominent industry clusters. Cross-regional labor force studies will be conducted. They will also conduct studies on special issues that are identified at regional forums. Private vendors are doing most of this research work.

Current Findings: Supply/Demand – Phil Hardiman

As a preface to an analysis of the best way to assess gaps in labor supply and labor demand, Phil summarized a few points about the theory of labor supply and demand.

Both labor supply and demand are determined independently by various factors. Supply depends on demographics – number, age structure, work/leisure preferences, values, skills, and elasticity – as well as national and global economies. Demand depends on the economic conditions, the industrial mix, and the resource mix and staffing pattern by firms.

Greg Marutani: What does elasticity mean?

Richard Holden: Supply elasticity means the responsiveness of supply to an increase in wages. Supply elasticity depends on the length of time it takes to train an entry-level worker in any occupation. Generally speaking, the longer it takes to train a certain kind of worker, the longer it takes for supply to respond to an increase in wages.

Phil Hardiman: A key determinant of both labor supply and labor demand is the wage rate or more generally the compensation package. Labor supply and demand do eventually clear at a market wage. If demand exceeds supply, wages will adjust upwards until the market clears and the temporary supply shortage disappears. It is expected moreover that wages for the industry or occupation experiencing the shortage will rise faster than those overall.

Now two approaches exist to assess labor supply and labor demand gaps:

1. Direct Calculation or the Human Services Accounting Approach;
2. Evaluating Evidence – Analytic and Indirect.

The direct approach identifies and sums sources of labor supply and labor demand. These may be either static (stock) sources or dynamic (flow) sources. Stock labor supply measures include current working age population and education or program completers, possibly identified by broad industrial or occupational categories. Flow labor supply measures include projections of labor force changes and of completers.

The labor supply measures are more difficult to obtain than measures of labor demand, which are readily available in the form of BLS data. Stock labor demand measures include current payroll employment and longer term unfilled vacancies. Flow labor demand measures are employment and vacancy projections. The direct calculation method's limitations are:

- Overall levels are too vague for policy setting.
- Skill sets of completers are transferable across occupational groups, not just the specific occupation.
- Difficulty obtaining skill-based counts of the employed and unemployed.
- Uncertainties of future supply and demand.

The analytic, indirect approach results in a collage of evidence.

Greg Marutani: Does the word 'collage' mean it's anecdotal?

Phil Hardiman: It is not necessarily anecdotal, but inferential.

At the last Advisory Group meeting Paul Ong's presentation provided an example of this second approach. It was about supply shortage definitions and indicators in health caregivers' occupations. Paul Ong's indicators of a supply shortage included:

- High job opening to applicant ratio.
- Difficulty in hiring.
- Under-staffing (geographic variation).
- Wage Disequilibrium.

More general indicators of caregiver shortages indicated that the number of Certified Nurse Aides declined in the 1990s. On the demand side, staffing ratios and firm characteristics would be looked at.

A major thrust of our research regarding this analytic approach has been developing a Supply Indicator using nominal wage changes as the basis of an indicator. That is, labor shortages are reflected in a relatively high rate of wage increase. For example, the greater the difference between a sub-industry and the industry annual wage changes the more intense is thought to be the labor shortage. The methodology of the Supply Indicator (SI) has the following aspects:

- The SI provides a ranking of industries by labor supply impact.
- Importance to focus on shorter time periods because of market clearing.
- Elasticity of supply is also important – time lags between shortage and market response due to time it takes to train, barriers to entry, desirability of the work and other factors.

Examples were shown of the ranking of sub-industries in the major industry divisions of agriculture, manufacturing, retail, and services.

The limitations of this wage-based Supply Indicator are:

- It's SIC based – NAICS should be better.
- Only an industry-level indicator, not occupations level

- Timing - measurement is after a shortage has begun.
- Misleading if wage growth in sub-industry is less than the industry.

Phil discussed LMID's recent report on agricultural trends in California in regards to supply. The research objective was to identify how many unique individuals were employed in California agriculture and examine their earnings patterns over three points in time: 1991, 1996, and 2001. A large contrast is shown in the number of agricultural workers in California using CES data; 400,000 in 2001, versus using data of unique SSNs, 1,100,000. Unauthorized workers grew rapidly in the 1990s. Since farm workers are shown to have many part time jobs, they are supply components to both farm and non-farm employers.

Phil referred to the two data wheels provided by the Census Bureau as part of the Local Employment Dynamics project. As a more practical tool, the two data wheels contain data that can be used as rough gauges of demand pressure of various industries in various geographic areas of California. The data wheels contain the following types of Quarterly Workforce Indicators (QWI):

- Employment Indicators
- Employment Change Indicators
- Job Growth Indicators
- Earnings Indicators
- Periods of Non-employment Indicators

The QWI derive from the following data sources: ES202, UI, and Social Security.

Some of these data can be used to support Supply/Demand Analysis:

- Accessions and New Hires.
- Separations.
- Earnings of New Hires.

One rough gauge of demand pressure is the relative differential between average overall monthly earnings and average monthly earnings of new hires. Greater demand pressure would be suggested in an industry with a relatively small and tightening differential, other things equal, in that new hires would be getting a premium wage.

Spencer Wong: What is the definition of new hires? Are they Accessions?

Phil: No they are Accessions plus Recalls.

Chuck Wiseley: Don't you need to know the entry requirements for each industry to make such inferences of potential labor shortages using the wheels? And, if faster rising wages for new hires than those of non-new hires implies greater demand pressure, then does the opposite situation imply supply excess?

Phil: An answer of yes to both questions. You need to use the wheels in the context of a variety of such information in order to make useful inferences.

Greg Marutani: How would a strike be illuminated by the time-series diagram of new hire wage data vis-à-vis overall wage data? Are replacement workers considered new hires?

Dan Blake: Replacement workers wouldn't be considered new hires.

Phil: Viewing a diagram representing two time-series – job creation and job destruction – the movements are very volatile and seasonal. The net difference between the two series is the change in employment over time.

We are part of a national consortium of ten States developing such supply indicators. This effort is spearheaded by Georgia State University and funded by ETA through September 2004. Constructed from ALMIS data, supply and demand indicators for these States will eventually be put on a website.

To conclude, of the two approaches for measuring gaps between labor supply and demand, the direct approach requires extensive counting and considerable uncertainty. The second, analytic approach sheds a broader, more complete light on the problem.

Beverly Odom: Looking on your website, the only supply/demand research I could find had to do with Successor/ Predecessor Analysis. What is that?

Phil: The Census Bureau takes ES 202 and Base Wage data and edits it to identify erroneous wage employment data. One of the processes they use in their editing process is the Successor/Predecessor Analysis.

Greg Marutani: Who is the target group for the supply/demand material on the web?

Phil: Among others, expected users of this information are the WIBs.

Greg Marutani: There is a great need for outreach and training for this information to be used properly. Funding is needed to implement this training.

Phil: A training module has been developed.

Don Perry: Is the information on these data wheels available in a more detailed industry breakdown?

Phil: We have data available to the SIC 4-digit level.

Chuck Wiseley: In some cases using the closeness of the entry wage to the average wage as a proxy of demand pressure will not work. For instance, with schoolteachers, schools are often reluctant to raise entry salaries and opt to live with shortages. Another problem with using these demand-pressure indicators at the industry level, matter how detailed, is that they are not occupation specific.

Greg Marutani: All sorts of peculiar historical events such as earthquakes or the invasion of Iraq could generate spikes in the dynamic labor market data.

Dennis Reid: BLS on our San Francisco web site soon will present employment dynamics data at the national level. We will have a press release to announce the data availability on **September 30th**.

Ken Budman: We have recently put a High-tech Occupational study on the LMID website. In this high-tech study we used some of this labor market dynamics data.

New and Revised Metropolitan Statistical Areas (MSAs) – Ken Budman

Ken distributed two color maps of California counties and MSAs. The federal government designated new and revised MSAs based on the U.S. Office of Management and Budget's (OMB) new standards, California's population growth, and employment commute patterns. There are now 28 MSAs in California based on the 2000 Census compared to 25 MSAs based on the 1990 Census. Data will be published according to these new MSA designations beginning in 2005. County data will continue to be available.

New MSAs as a result of population growth:

- El Centro MSA (Imperial County)
- Hanford-Corcoran MSA (Kings County)
- Madera MSA (Madera County, formerly combined with Fresno County)
- Fresno MSA (Fresno County, formerly combined with Madera County)
- Vallejo-Fairfield MSA (Solano County, formerly combined with Napa County)
- Napa MSA (Napa County, formerly combined with Solano County)

Revised MSAs based on commute patterns:

- San Jose-Sunnyvale-Santa Clara MSA consists of Santa Clara and San Benito counties. Santa Clara County was formerly a separate MSA. Over 25 percent of San Benito County workers commute to Santa Clara County.
- Sacramento-Arden-Arcade-Roseville MSA consists of Sacramento, Placer, El Dorado, and Yolo counties. Yolo County was formerly a separate MSA as was the combined MSA of Sacramento, Placer, and El Dorado counties. Over 25 percent of Yolo County workers commute to Sacramento County.
- Los Angeles-Long Beach-Santa Ana MSA consists of Los Angeles and Orange counties, which were formerly separate MSAs.
- San Francisco-Oakland-Fremont MSA consists of two formerly combined MSAs: (1) San Francisco, San Mateo, and Marin Counties; and (2) Alameda and Contra Costa counties.

The OMB also established a new term "Metropolitan Divisions" for large populated areas. Guidelines established four "Metropolitan Divisions" in the State's two most populated urban centers, Los Angeles-Orange and the San Francisco Bay Area. Each division corresponds to a former MSA that, due to commute patterns, was combined with another MSA. Data will be collected separately for each Metropolitan Division. The new divisions are:

- Los Angeles-Long Beach-Glendale (Los Angeles County)
- Santa Ana-Anaheim-Irvine (Orange County)
- San Francisco-San Mateo-Redwood City (Marin, San Francisco, and San Mateo Counties)
- Oakland-Fremont-Hayward (Alameda and Contra Costa Counties)

The new category, Metro Division, was likely created to address complaints made by many States, including California LMID. The most persuasive complaint overall was registered regarding the new Dallas/Fort Worth MSA in Texas, where thousands of protest letters flooded the OMB.

Regarding non-MSA counties, LMID Senior Management decided to place these counties in five Balance of State regions for purposes of the OES Program - Mother Lode, Eastern Sierra, North Coast, North Valley, and Northern Mountains.

The ES-202 Program will begin collecting data using the new MSA designations in January 2005. After that, the CES and OES Programs will conduct surveys based on the new designations.

Stacy Wilson: Where do we get copies of these maps?

Ken: We can send you copies. Our "LMI e-Newsletter" dated August 8 contains an article on this subject. You can access it at www.calmis.ca.gov.

Chuck Wiseley: Why was Yolo County added to the Sacramento MSA? Yolo County is unlike much of the rest of the MSA.

Ken: The criterion used is at least 25 percent of employed people living in Yolo County commute to the Sacramento MSA.

Dennis Reid: Counties have traditionally been the units on which MSAs are constructed. Using the county as the unit causes problems given the huge size of counties in the Western part of the U.S. There was some consideration of using census tracts as the unit for constructing MSAs, but this would be a nightmare from an historical perspective.

Making Los Angeles County and Orange County Metro Divisions allows their data to be reported separately. The CES Program may be required to report the data both ways—combined and separate.

Spencer Wong: It's easier to combine separated data than to separate combined data.

Bonnie Graybill: Did the uproar about the preliminary designation plans make a difference? (Advisory Group members initiated a number of local letters of protest, particularly about the plan to combine Los Angeles and Orange Counties.)

Dennis Reid: Yes, it made a great deal of difference, especially in the creation of the new Metro Division category. There are now 11 major MSAs in the U.S. that have been split at the same time into Metro Divisions.

Wrap Up/Closing

Bonnie Graybill: I hope all of you will share comments about how this Advisory Group Meeting worked given that it is the first *annual* meeting. Should we handle the agenda differently? What other communications should we provide since we no longer meet on a quarterly basis?

Richard Holden: Even though this is our second meeting in 2003, it is our first Annual Advisory Meeting. Perhaps we could plan our next meeting for early in 2004; then the fiscal situation may have changed that has constrained us to hold only one Advisory Group meeting a year. A year is too long a period of time to stay connected. It is hard not to overwhelm you with too much information if it has to be contained in one meeting per year.

Chuck Wiseley: If we are left out of the loop on what the final upshot is regarding LMID's budget, I am concerned we may some day be rudely surprised to discover that some of your products we depend on have been abruptly discontinued.

Bonnie Graybill: How about having a meeting in January on the week of the 19th?

Greg Marutani: I wonder if we should have a meeting so soon in January especially if it turns out we are limited to one meeting a year? Is there any issue or development that is important enough for us to review so soon?

Bonnie Graybill: At the end of November, LMID will have produced its first two-year, short-term employment projections for 2002-4. Next year, we will produce such projections over the 2003 to 2005 period.

Richard Holden: We could use your feedback on a lot of issues.

Nelson: For me, a meeting in either February or March is preferable.

Bonnie Graybill: How about having the meeting in February the week of the 23rd, say, tentatively Thursday the 26th? Do you have suggestions of items to put on the agenda? A follow-up on what's happening to CCOIS?

Beverly Odom: I suggest more information about the labor market dynamics research along with an update on the status of the Workforce Informer.

Doug Gray: Could you e-mail a list of prospective topics to us so that we could make recommendations? You could also use e-mail to update us on the impact of the budget on LMID's ability to continue to provide its services. Are Area Consultants being lost?

Bonnie Graybill: We have lost several Area Consultant vacancies and limited funds for travel.

Bonnie: Could we now do a Plus/Delta (+/Δ)? What was good about this meeting, particularly in that it is the first Annual Meeting? What could be improved?

- *Greg Marutani:* You got through the agenda.

- *Chuck Wiseley*: Phil raced through his presentation.
- *Stacy Wilson*: You have provided us with a wealth of products. I want to thank Bonnie for keeping us all informed. I also want to thank her for sending out to everyone interesting information that various members of the group send to her.
- *Bonnie Graybill*: We appreciate the new members of this group. We also thank Karen Cromwell for being able to postpone the redoing of the parking lot which otherwise would have resulted in a parking nightmare.
- *Doug Gray*: A big problem is the constraint on the number of meetings due to the budget mess.
- *Chuck Wiseley*: I am concerned about relying on e-mail as the only way of keeping informed. For instance, I knew nothing about your plan to produce short-term forecasts. I would have designed a training program I have just put together differently if I knew you were about to produce short-term projections.
- *Richard Holden*: The Governor's Executive Order states that Advisory Groups may meet only once a year.
- *Bonnie Graybill*: The option of Web Conferencing is even more expensive.
- *Dan Blake*: The presentations of Phil Hardiman and Paul Wesson were rushed. What about scheduling the meeting to be an hour longer?
- *Chuck Wiseley*: Or, having a two-day meeting?
- *Richard Holden*: We could look into this idea. We have been considering the idea of having a Users Conference that would serve a wider range of users. We could hold an Advisory Meeting alongside such a Users Conference.
- *Bonnie Graybill*: For example, a year or so ago, Phil scheduled a supply/demand conference one day, and then we held the Advisory Group meeting the next day. We might explore this type of back-to-back meetings schedule to cover topics of interest to two different sets of customers.
- *Dan Blake*: Let me remark that the latest version of the LMID report, *The State of the State's Labor Markets*, is excellent and well worth the wait. For a government document, it is exceptional – clear, informative, colorful.
- *Greg Marutani*: It deserves to be discussed

Future agenda topics:

- CCOIS follow-up
- Local Employment Dynamics Update
- Short Term Projections
- LMID services update
- Budget Update
- Workforce Informer

Meeting Critique:

+	Δ
Finished agenda items	Phil's tie
Wealth of information	Meeting constraints- quarterly vs. annual
Keeping informed between meetings	Time constraints

New members	Schedule longer meeting, try 9:00 – 4:00 p.m.
Karen Cromwell saved parking	
SOSLM is a terrific document!	

Next meeting February 26, 2004.